



## The Deferred Word Newsletter Fall Edition 2010

Nevada Public Employees Deferred Compensation Program (NDC)

### COMMITTEE MEMBERS

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**Rex Reed**  
*Vice-Chair*

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**Cameron Vandenberg**  
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<http://defcomp.state.nv.us>

**Plan Website**



### Why Participating in NDC is Important

The current budget crisis is continuing to affect many Nevadans. Governmental employees throughout the State are experiencing reductions in salaries, increases in healthcare costs and limited or no salary increases.

However, it is more important than ever to save for retirement. Consider that the average governmental pension will replace approximately 47% of pre-retirement income. For this reason, it is crucial to have supplemental savings for retirement.

NDC provides a simple way to build supplemental savings and offers these benefits:

- **Lower Income Taxes.** Each dollar you contribute lowers your taxable income by a dollar. It's easy to contribute through payroll deduction.
- **Tax-deferred Growth.** No taxes are due on investment earnings until you withdraw the money, generally at retirement or separation from service.
- **Flexibility.** Unlike traditional or Roth IRAs, there is no penalty if you withdraw money from the 457 Plan portion of your account following termination or retirement prior to age 59½.
- **Purchase Service Credit.** You can roll monies from NDC to your pension plan for the purchase of service credit.
- **Portability.** Take your NDC account with you when you leave the employment - in cash, as a rollover or leave your money in the Plan or you can take a distribution at any time.
- **Consolidate.** Rollover other qualified retirement plans, such as 401(k), 403(b) or traditional IRA accounts.

### NDC Budget Reductions

Participants and beneficiaries are charged investment management fees on individual funds in the Plan. A portion of these fees are used for Plan administration costs. Each year any unused administration fees are returned to Participants. In an ongoing effort to reduce participant fees and comply with cost cutting requirements throughout State government, the NDC Committee modified the fiscal year 2012/13 biennium budget.

The Committee made several reductions to the budget while maintaining the proper balance of fiduciary oversight and overall quality of the Plan delivered to the participants. The budget reductions include, but are not limited to, the elimination of out of state travel, reduction in in-state travel, reduction in office lease with the move to a state-government owned building, and significant reductions in printing and postage. It's important to note we will not be reducing our publications, rather exploring more cost effective distribution means, such as e-mail. In addition, the Committee is examining the possibility of reducing the investment consulting costs in the next biennium. The biennium savings will allow the Plan to return over \$500,000 to participants in 2012/13 from unused administration costs. Please note the Plan's policy is to return unused administrative costs as a credit to Participant accounts based proportionately on balances. Participants with a credit of less than \$10 will not receive monies.

### 2010 Leadership Recognition Award

NDC is pleased to announce it has been chosen to receive a 2010 Leadership Recognition Award through the National Association of Governmental Defined Contribution Administrators (NAGDCA) for outstanding achievements in National Save for Retirement Week category with its creation of the Nevada Employees' Financial Education Day.

NDC sponsored the first annual Nevada Employees Financial Education Day during the fall of 2006 to increase awareness about employee benefits and the importance of planning and saving for retirement. For more information on the 2010 events, please see page two.

## Nevada Employees' Financial Education Day

**C**ome join us for the Fifth Annual State of Nevada Financial Education Day. This year our event will be in conjunction with **National Save for Retirement Week**. National Save for Retirement Week is a congressionally endorsed, national event calling on all employees to take full advantage of their employer retirement plan.

You will learn about saving for retirement, Social Security benefits, Nevada Public Employees' Retirement System (PERS) benefits, NDC and other important information. Meetings are being held in **Carson City, Las Vegas, and Reno**.

In addition to the seminars, representatives from the State Treasurer's Office, Public Employees Benefit Program (PEBP) and NDC Staff will be available to answer individual questions throughout the day.

**The Governor's office has authorized three hours administrative leave to allow state employees to attend. Please coordinate with your supervisor to ensure appropriate coverage in your department.**

### FRIDAY, OCTOBER 15 IN RENO

**Truckee Meadows Community College  
(TMCC)**

**7000 Dandini Boulevard**

**Sierra Building, Room 108**

***Morning Session only: 9:00AM to 12:00***

### TUESDAY, OCTOBER 12 IN CARSON CITY

**Legislative Counsel Building**

**401 S. Carson Street, Suite 1214**

***Morning session: 9AM to 12PM***

***Afternoon session: 1PM to 4PM***

### THURSDAY, OCTOBER 21 IN LAS VEGAS

**Grant Sawyer State Office Building**

**555 E. Washington Avenue, Suite 4401**

***Morning session: 9AM to 12PM***

***Afternoon session: 1PM to 4PM***

### FRIDAY, OCTOBER 22 IN LAS VEGAS

**Grant Sawyer State Office Building**

**555 E. Washington Avenue, Suite 4401**

***Morning session only: 9AM to 12PM***

For more information regarding this event, please contact NDC at 775.882.0760 or via e-mail at [deferredcomp@defcomp.nv.gov](mailto:deferredcomp@defcomp.nv.gov).

### We Want to Hear From YOU!

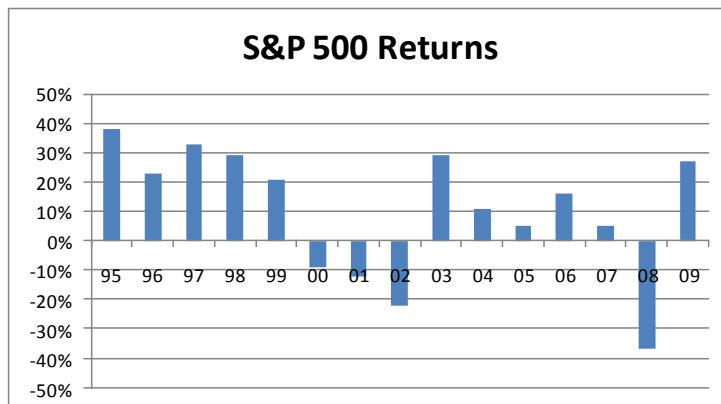
We will be sending a short survey to all Participants in October. Although the survey will be included in your service provider quarterly statement of account, we encourage you to use the online survey tool. The survey is available on the Plan's websites at: <http://defcomp.state.nv.us>. If you complete the online version, you do not need to complete the paper one. Thank you in advance for your participation.

## Market Timing Doesn't Work

Avoiding market timing is a lesson that many investors haven't learned yet. It's just rather impossible to know what the market will do from year to year.

In 1995, the broad market (as measured by the S&P 500) advanced a whopping 37.5%. Many people might have assumed that given the market's long-term average annual gain of around 10%, the next year would likely be a downer.

But as it turned out, 1996 was a big winner, too. And if you bet against the market in 1997, you lost again -- it advanced 33%. Those were heady years. Many predicted that we were surely due for a crash. Yet in 1998 and 1999, the market just kept going up. It was only in 2000, 2001, and 2002 that the market fell, by 9%, 12%, and 22%, respectively. Look at the chart below and you'll see how far most years are from the average of roughly 10%.



As tempting as it can be, don't try to time the market. The short run is just too unpredictable.

## When to Take Social Security Benefits

**T**hough he's still at the height of his career at age 55, Carlos is already looking ahead to a fulfilling retirement of travel, hobbies, and time with his grandkids. Managing his Social Security benefits can help him realize those goals.

An empty nester, Carlos always assumed he would stop working at age 62, when he'll become eligible to start collecting \$1,480 per month in Social Security payments (an annual benefit of \$17,760). But after calculating his overall expected income, he realized the numbers don't reach the level he'll need to retire with peace of mind. Financial experts suggest that most people will need 75% or more of their preretirement income to start off, with a cushion of continued growth to absorb the rising cost of goods and services.

### Maximizing benefits

To boost his retirement income, Carlos plans to delay taking Social Security benefits for a few years. The Social Security Administration increases the amount you can receive by 7% to 8% for each year you wait, up until age 70. Based on today's numbers, if he holds off until age 70, his benefits will rise to \$2,782 per month, or \$33,384 per year.

### Minimizing financial cares

To make sure he has sufficient income after he stops working, Carlos realized he'll also have to postpone his retirement. Those extra years of work after age 62 will enable Carlos to continue contributing to his employer-sponsored savings plan, allowing savings to potentially grow along with expected Social Security benefits. This strategy gives Carlos more confidence and security because he knows he'll be able to enjoy his retirement with fewer concerns about meeting his expenses.

To calculate your expected benefits, use the Social Security calculator on the Social Security Administration (SSA) website at: <http://www.ssa.gov/planners/benefitcalculators.htm>. Please note the SSA's "Retirement Estimator" will not include the possible effect of the Windfall Elimination Provision (WEP) in your estimate.

# Hartford



## Give Your NDC Account a Boost with Catch-up Contributions

you were eligible to contribute but did not. The maximum pre-retirement catch-up for 2010 is up to \$33,000.

### Help Ensure a Strong Finish

You're now eligible to save even more for when you'll need it the most—at retirement. By taking advantage of catch-up contributions, participants who are nearing retirement can make additional contributions to their plan. In fact, if you are close to retirement or over age 50, you may be able to contribute more than the standard limits. The pre-retirement catch-up provision allows you to catch-up on the past contributions you could have made but did not. Or, you may be eligible to contribute additional amounts under the age 50+ catch-up provision. Don't overlook this opportunity to make up for lost time!

### What is the Pre-Retirement Catch-Up Provision?

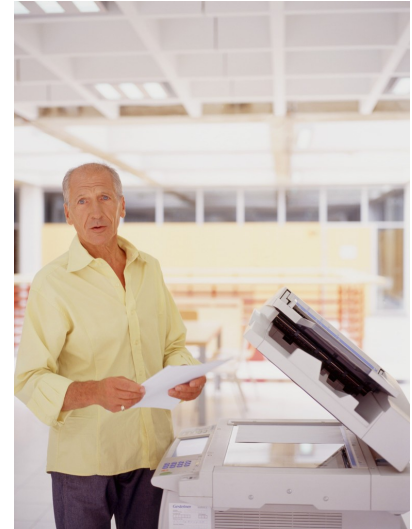
This provision of a 457 Deferred Compensation Plan allows a participant to contribute more than the normal maximum annual contribution allowed during the three years prior to, but not including the year in which the participant will reach normal retirement age. You may only catch-up on amounts

### What is the Age 50+ Catch-Up Provision?

This provision will allow individuals age 50+ to make additional contributions to your 457 Deferred Compensation Plan. An individual may use this provision every year from age 50 until he or she no longer participates in the plan, however this special catch-up contribution is not available to those who are already taking advantage of the 457 pre-retirement catch-up contribution note above. The maximum age 50+ catch-up for 2010 is up \$22,500

### Accelerate Your Savings Potential as You Get Closer to Retirement

If you have any questions simply contact your local Hartford office, listed below, to find out how you can begin making catch-up contributions, starting today.



**Before investing, you should carefully consider the investment objectives, risks, charges and expenses of the mutual funds or The Hartford's group variable annuity products and funding agreements, and their underlying funds. For fund and product prospectuses and/or a disclosure document containing this and other information, contact your financial professional or visit our website. Read them carefully.**

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## Your Hartford Team

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Jake Honea, Representative, ext. 5

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Anthony Cardone, Sr. Representative, ext. 60305

Tracey Pulsipher, Administrative Support, ext. 60300



## Your Future's Worth It

One of the good things about your job as a Nevada public employee is that you are eligible for PERS pension benefits. But these pension benefits are just one part of your retirement income. You will still need to save on your own. An easy way to save is through the NDC. You make automatic, pre-tax contributions each pay period, and they may add up over time to help fund your retirement. PERS and Social Security are likely to leave a "gap" in your retirement income. NDC can help you close the gap.

### You Have Three Options to Enroll – You Choose the One That's Best for You!

#### 1. EZ Enroll –

All you need to do is complete the simplified EZ Enrollment/Participation Agreement. You'll provide some basic information about you, choose your deferral amount, and designate your Plan beneficiary. Your investment choice will be automatically set to one of the lifestyle portfolios based on your date of birth. You can change your investments at any time once you are enrolled.

#### 2. Enroll by Internet –

If you'd prefer to do it yourself, you can access the Plan Web site at [ingretirementplans.com/custom/nevada](http://ingretirementplans.com/custom/nevada) and click on the enrollment tab. You'll complete the enrollment process online, including selecting your investment choices. You'll also

need to complete a paper Payroll Deduction Form to specify the amount of your contributions to the Plan.

#### 3. Meet with a Local Representative

You can also choose to meet individually with an ING local representative to review your personal situation and get help in completing the enrollment paperwork.

**Start today.** Go online to enroll, complete the EZ Enroll process, or call ING for an appointment.

#### Phone:

866-ING-NVDC (or 866-464-6832)

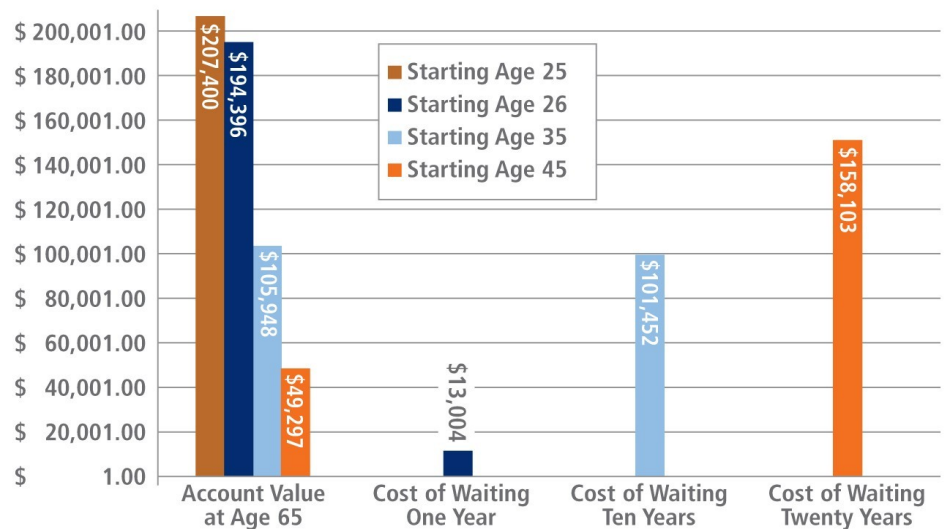
#### Go Online:

[ingretirementplans.com/custom/nevada](http://ingretirementplans.com/custom/nevada)

**Call or visit our offices in Carson City or Las Vegas. See below for details regarding locations and contact information.**

**Regardless of the option you choose, it's important to start early. Waiting may have an impact on how much you can save for your future. Even waiting one year, could mean \$13,000 less in savings for retirement.**

The hypothetical example below assumes \$50 contributions made 26 times per year, at the beginning of each pay period, a 6% effective annual interest rate, no withdrawals and retirement at age 65. For illustrative purposes only, to show how the number of years invested in the Plan could affect participant account values. Not intended as a guarantee of past or future performance of any security. Actual rate of return may be more or less than shown and will depend upon a number of different factors, including a participant's choice of investment options and the fees and expenses of the plan.



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## NEVADA PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

### NDC Financial Audit

NDC recently hired the firm Clifton Gunderson to conduct a financial audit of the Plan. The primary purpose of the financial audit is to ensure the Plan's financial statements are accurate, service providers are handling participant monies and transaction requests in accordance with Plan procedures and payroll centers are processing participant contributions and other transactions in a timely and accurate manner.

The Plan's policy is to conduct annual financial audits. This decision is based on both industry best practices and is consistent with the State Controller's report titled the "State of Nevada's Comprehensive Annual Financial Report (CAFR)", of which the Plan's administrative budget is included. In addition, a 2006 peer survey indicated that 64% of state 457(b) plans are audited by an independent auditor, while only three percent do not perform outside audits. Of the 64% noted above, 74% audit their plans on an annual basis.

Although the auditor did find a few areas in which the Plan can improve, overall the financial audit was positive. We want to thank the participants, payroll centers, government entities and service providers who assisted both the auditor and NDC Staff in accomplishing this task.

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